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Wednesday, June 2, 2010

\$500 MILLION MORTGAGE FACILITY LAUNCHED IN PALESTINE

OPIC Provides \$241 Million in Financing

BETHLEHEM, WEST BANK - Palestinian President Mahmoud Abbas today launched a landmark \$500 million mortgage finance program that will double the number of Palestinian families who are able to purchase homes by offering long-term mortgages that will enable them to enjoy the benefits of home ownership without excessively burdening their monthly incomes.

The Affordable Mortgage and Loan program will offer prospective Palestinian homebuyers fixed-rate and variable-rate mortgage loans with tenors of up to 25 years, increasing home affordability. By rejuvenating the Palestinian housing sector and its related industries, which together generate thousands of jobs in the Palestinian territories, AMAL stands to spur significant economic growth in Palestine. The mortgage program is expected to be operational in late 2010, in coordination with plans to develop new residential neighborhoods for Palestine's working and middle classes.

President Abbas announced the program on the first day of the Palestine Investment Conference.

Funding for mortgage program is being supplied by leading international and Palestinian financial institutions that include the Palestine Investment Fund (PIF), an independent, state-owned investment fund working on economic development in Palestine, which will provide financing of \$72 million; the Overseas Private Investment Corporation (OPIC), a U.S. government agency whose mission is to facilitate US private sector investment in less-developed countries, which will provide \$241 million; and the International Finance Corporation (IFC), a member of the World Bank Group, which will provide \$72 million. Moreover, two leading local banks, Bank of Palestine and Cairo Amman Bank, will collectively provide \$100 million in funding to the program. The banks will also serve as liaisons with the borrowers and will undertake all origination and servicing activities. The UK Department for International Development (DFID) will provide \$20 million in catalytic financing to support the mortgage lending program.

As part of the program, a new company, the Affordable Mortgage and Loan Corporation (AMAL), was established to oversee and administer the provision of mortgage financing. AMAL was formed in partnership between the Palestinian Affordable Housing Association (SAKAN), a Palestinian non-governmental organization whose mission is to support affordable housing in Palestine; CHF International; an international development organization that works in post-conflict, unstable and developing countries; the Middle East Investment Initiative (MEII), a non-profit organization formed to help revitalize economies in the Middle East; the Bank of Palestine; and Cairo Amman Bank. The United Nations Human Settlements Program (UN HABITAT) will also support AMAL through providing \$1 million in long term financing to SAKAN.

The mortgage finance program will also support the development of the Palestinian mortgage finance sector at large, through technical assistance programs that will be sponsored by the World Bank, IFC and the United States Agency for International Development (USAID).

Notes and media contacts:

The Palestine Investment Fund (PIF), was established in 2003 as an independent investment company, which aims to strengthen the local economy through key strategic investments, while maximizing long-run returns for its ultimate shareholder; the people of Palestine. PIF prudently invests through an investment strategy focused on long-term value creation. For more information, visit www.pif.ps.

The International Finance Corporation (IFC), a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totaled \$4.5 billion in fiscal 2009, helping channel capital into developing countries during the financial crisis. For more information, visit www.ifc.org.

Bank of Palestine (BoP), was established in 1960, BoP is the first national bank with the largest network of 41 branches in the West Bank and Gaza, with a paid capital of \$100 million, assets of over \$1.4 billion, deposits of \$1.3 billion and loans of \$450 million. BoP has over 900 employees serving over 400,000 customers and a 17% market share of deposits and loans. BoP has been very active in promoting the SME Finance and Micro Finance sector in Palestine and established dedicated units within the bank to service those customers with the aim of developing the economy through wider access to finance. www.bankofpalestine.com

Cairo Amman Bank (CAB). For more information, visit www.ca-bank.com

The Middle East Investment Initiative (MEII), an independent 501 (c)(3) non-profit organization, partners with public and private organizations to make credit and business financing more available in the Palestinian territories, and elsewhere in the region, in order to stimulate economic activity and create jobs. MEII is satisfied that a sound economic base is one clear path to social and political stability. To this end, MEII has led efforts to establish a loan guarantee program in the West Bank and Gaza. MEII is working to create effective and sustainable risk insurance to address movement of products for Palestinian businesses; and MEII and its partners are developing the first affordable home mortgage facility for Palestinian working class families. For more information, visit www.meiinitiative.org.

CHF International is an international development organization founded in 1952 that works in post-conflict, unstable and developing countries. We partner with communities around the world to help them to improve and direct their lives and livelihoods. We believe that the people best suited to decide what a community needs is the community itself. CHF is a politically neutral, non-profit 501(c)(3) organization. CHF has been providing development and humanitarian assistance to Palestinians in the West Bank and Gaza since 1995. For more information, visit www.chfinternational.org.

The Palestinian Affordable Housing Association (SAKAN), is a non-governmental, non-profit foundation established under the Charitable Associations and Civil Society Organizations Law No. 1 of 2000 with the objective of facilitating home ownership for low and middle income households and promoting mortgage financing activities in Palestine.

Ten (10) individuals serve as the founders of SAKAN and its General Assembly. The founders are highly experienced and reputable members of Palestine's civil society and business community. For more information, please contact us at info@sakan.ps

The United Nations Human Settlements Programme (UN-HABITAT), the United Nations agency for the built environment, works with all spheres of government, civil society and the private sector to help build, manage, plan and finance sustainable urbanization around the world. At the dawn of a new urban era with most of humanity now living in cities, UN-HABITAT is at the frontline of the battle against



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urban poverty and climate change. UN-HABITAT is implementing a Special Human Settlements Programme for the Palestinian People since 2005. For more information, visit www.unhabitat.org

The UK Department for International Development (DFID), is the part of the UK government that manages Britain's aid to poor countries and works to get rid of extreme poverty. It works in 150 countries and has 64 offices overseas. It has been in working directly in the Occupied Palestinian Territories for 17 years, with the objective of enhancing the prospects for peace and a viable Palestinian state that will reduce poverty, while meeting humanitarian needs. For more information, visit www.dfid.gov.uk.

The United States Agency for International Development (USAID), has provided more than \$2.9 billion in U.S. economic assistance to Palestinians in the West Bank and Gaza via projects designed to reduce poverty, improve health and education, implement infrastructure and water projects, create jobs, and promote democracy and good governance.

OPIC was established as an agency of the U.S. government in 1971. It helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers.

OPIC's political risk insurance and financing help U.S. businesses of all sizes invest in more than 150 emerging markets and developing nations worldwide. Over the agency's 39-year history, OPIC has supported \$194 billion worth of investments that have helped developing countries to generate over 842,000 host-country jobs. OPIC projects have also generated \$74 billion in U.S. exports and supported more than 274,000 American jobs.